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25 August 1972

MEMORANDUM FOR: Deputy Director of Personnel
for Special Programs

SUBJECT : The CIARDS Quota For The Second Period

1. I have reviewed the logic followed in March of 1970 to predict the requirements for the CIARDS quota for the second quota period (1 July 1970 - 30 June 1974). The prediction at that time was that a total of 718 would be needed. This was rounded off to 800 by higher level management.

2. The method used for making the prediction was to apply a ratio of voluntary retirements to those mandatory retirements scheduled in the quota period. The ratio was derived from the experience gained in the prior years of operating the CIARDS and proved to be 3 to 1. Using the mandatory retirements known for the second period, we projected the required quota on the basis of this ratio.

3. We can see that we were in error by having used, for future years, a ratio based on historical or past experience. The second period has some features that were not present in the first period: (1) the base of eligibles was increasingly larger, and they were becoming older each year and more inclined to opt for voluntary retirement, and (2) the "involuntary" retirement, as an option, was introduced (our projections never included this as a possibility). The following table shows the comparison of certain actual ratio with predicted ratios in the second period:

<u>Predicted Ratio of</u> <u>Voluntary to Mandatory</u>	<u>Actual Voluntary</u> <u>to Mandatory</u>	<u>Voluntary & Involuntary</u> <u>to Mandatory*</u>
3 to 1	4 to 1	4.7 to 1

*This views "involuntary" as a form of voluntary attrition. This ratio characterized the second quota period so far.

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Obviously, if we had used a ratio based on an expectation of the developments that actually occurred, we would have made a better projection.

4. You asked me to ascertain our ratio of voluntary retirements to eligibles. Here (provided by SRB) is what it was for the last three fiscal years:

FY-70	-	1 to 6.57
FY-71	-	1 to 4.25
FY-72	-	1 to 5.38
or an average of	-	1 to 5.22

5. Taking that ratio against the pool of CIARDS eligibles in FY-73 and FY-74 gives us these projections:

<u>Fiscal Year</u>	<u>Eligibles</u>	<u>Voluntary (1:5.2)</u>
1973	797	161
1974	825	165

Then add on the known mandatorys and a projection of "involuntaries":

<u>Fiscal Year</u>	<u>Voluntary</u>	<u>Mandatory</u>	<u>Involuntary</u>	<u>Total</u>
1973	161	21	25	207
1974	165	38	25	228

Now these totals look like what we have been seeing in the CIARDS (quota count, only) in recent fiscal years. But SRB's figures of eligibles do not include non-staffers, so we've got to add non-staff retirements that will occur under CIARDS. With something in the vicinity of 17 last year, I added 20 to each of the above totals to give these final grand totals:

<u>Fiscal Year</u>	<u>Grand Totals</u>
1973	207 + 20 = 227
1974	228 + 20 = 248
	475

This gives us a total of 475 quota spaces. We had 230 on 1 July, however, or we need 245. Because we have the experience of having consistently underestimated on all our projections on retirement, I suggest we add another 50 to bring us to 295 we seek from the Congress. This is a bit higher projection than my previous one to you - for 275 - but we should err on the side of generosity.



Chief
Retirement Affairs Division

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